

Acknowledgment of Violation of Law and Acceptance of Responsibility

2. CA accepts and acknowledges that, as set forth in detail in the Information (a copy of which is attached hereto as Exhibit B) and the Stipulation of Facts (attached hereto as Exhibit C), both of which are incorporated herein by reference, through the conduct of certain CA executives, officers and employees during the relevant time period, CA:

(a) filed and caused to be filed for certain of CA's fiscal periods materially false and misleading financial reports and other documents with the Securities and Exchange Commission (the "SEC"), and made other materially false and misleading public statements and omissions, in connection with the purchase and sale of CA securities, relating to improper accounting practices employed at CA involving the accelerated recognition of revenues associated with multiple backdated software license agreements; and

(b) obstructed an investigation being conducted by a grand jury sitting in the Eastern District of New York, with the assistance of the Federal Bureau of Investigation (the "FBI"), involving accounting and financial fraud at CA (the "Grand Jury Investigation"), and an investigation being conducted by the SEC involving accounting and financial fraud at CA (the "SEC Investigation").

3. CA accepts and acknowledges full responsibility for the conduct set forth in the Information and in the Stipulation of Facts by entering into this Agreement and by, among other things: (a) the remedial actions that CA has taken to date (described in paragraph 4 below); (b) CA's continuing commitment of full cooperation with the Office, the FBI and the SEC (collectively, the "Investigative Entities"); (c) CA's agreement to fulfill all of the undertakings CA has made in this Agreement, including to pay \$225,000,000 in restitution to compensate former and current CA shareholders for losses caused by the conduct set forth in the Information and the Stipulation of Facts; (d)

CA's agreement to comply in the future with Federal criminal laws, including Federal securities laws; and (e) CA's issuance of up to 5.7 million shares of CA Common Stock and payment of cash, at a total cost to CA to date of approximately \$163 million, to compensate present and former CA shareholders in connection with the following cases brought in the United States District Court for the Eastern District of New York, In re Computer Associates Class Action Securities Litigation, 98 Civ. 4839 (TCP), In re Computer Associates 2002 Class Action Securities Litigation, 02 Civ. 1226 (TCP), Ambler v. Computer Associates, 02 Civ. 6281 (TCP), and Federman v. Artzt, et. al, 03 Civ. 4199 (TCP).

4. CA represents that its Board of Directors and current senior management have taken numerous remedial actions in response to the misconduct at CA that has been discovered by the Grand Jury Investigation, the SEC Investigation and an internal investigation conducted by CA (described in paragraph 5 below). These remedial actions have included:

(a) terminating CA officers and employees who were responsible for the improper accounting, inaccurate financial reporting, and obstruction of justice set forth in the Information and Stipulation of Facts;

(b) terminating CA officers and employees who refused to cooperate with CA's internal investigation or who otherwise took steps to obstruct or impede that investigation; and

(c) appointing new management, including, but not limited to, an Interim Chief Executive Officer, a new Chief Operating and Chief Financial Officer, a new Head of Worldwide Sales, and a new General Counsel.

paragraph are subject to the approval of the Court. If the Court does not approve the procedures set forth in this paragraph, the Office, the SEC and CA will agree upon a different procedure for the appointment of the Independent Examiner, and neither CA nor the Office will be relieved of any of the other terms, conditions and obligations set forth in this Agreement.

21. CA agrees that the Independent Examiner shall have reasonable access to all of CA's books and records and the ability to meet privately with CA employees. Except in respect of communications with the Office or the SEC, the Independent Examiner shall maintain the confidentiality of any non-public business and financial information of CA. At the conclusion of the Independent Examiner's engagement, subject to the approval of the Office, the Independent Examiner shall return to CA all documents reflecting or referring to non-public business and financial information of CA.

22. The Independent Examiner shall have a term of engagement of 18 months from the date of the Court's order appointing the Independent Examiner. If, at the conclusion of this 18-month period, less than all recommended reforms (to the extent deemed significant by the Office) have been substantially implemented for at least two successive quarters, or significant exceptions have been noted in the course of the Independent Examiner's most recent quarterly review under paragraph 19(h), the Office and the SEC may, in their discretion, extend the term of appointment of the Independent Examiner until such time as all recommended reforms (to the extent deemed significant by the Office) have been substantially implemented for at least two successive quarters, or no significant exceptions have been noted in the course of the Independent Examiner's

most recent quarterly review. Prior to extending the term of this Agreement, the Office and the SEC will provide CA with an opportunity to be heard with respect to CA's implementation of reforms recommended by the Independent Examiner, including as to the significance of such reforms, and a reasonable opportunity to cure any exceptions noted by the Independent Examiner. Because CA's implementation of a new ERP system is projected to extend over more than 18 months from the appointment of the Independent Examiner, CA's inability to implement fully such a system shall not be a basis to extend the Independent Examiner's term or this Agreement.

Deferral of Prosecution

23. In consideration of CA's remedial actions to date and its commitment to: (a) accept and acknowledge responsibility for its conduct; (b) continue its cooperation with the Office, the SEC and any of the Designated Agencies; (c) make the payments specified in paragraphs 3 and 8 above; (d) comply with Federal criminal laws, including Federal securities laws; and (e) otherwise comply with all of the terms of this Agreement, the Office shall recommend to the Court that prosecution of CA on the Information be deferred for a period of 18 months from the date of the Court's order appointing the Independent Examiner or until such time as the Independent Examiner's term of engagement is completed, whichever is later. CA shall expressly waive all rights to a speedy trial pursuant to the Sixth Amendment of the United States Constitution, Title 18, United States Code, Section 3161, Federal Rule of Criminal Procedure 48(b), and any applicable Local Rules of the United States District Court for the Eastern District of New York for the period during which this Agreement is in effect.

24. The Office agrees that, if CA is in compliance with all of its obligations under this Agreement, the Office will, within 30 days of the expiration of 18 months from the date of Court's order approving the appointment of the Independent Examiner or until such time as the Independent Examiner's term of engagement is completed, whichever is later, seek dismissal with prejudice as to CA of the Information filed against CA pursuant to paragraph 1 of this Agreement, and this Agreement shall expire, except as provided in paragraph 7 above. Except in the event of a breach of this Agreement, the Office will bring no additional charges against CA relating to or arising

out of the matters set forth in the Information or in the Stipulation of Facts. CA and the Office understand that the Agreement to defer prosecution of CA must be approved by the Court, in accordance with 18 U.S.C. § 3161(h)(2). Should the Court decline to approve the Agreement to defer prosecution for any reason, both the Office and CA are released from any obligation imposed upon them by this Agreement, and this Agreement shall be null and void.

25. It is further understood that should the Office determine that CA has deliberately given materially false, incomplete, or misleading information pursuant to this Agreement, has committed any federal crimes subsequent to the date of this Agreement, or has otherwise knowingly, intentionally and materially violated any provision of this Agreement, CA thereafter shall be subject to prosecution for any Federal criminal violation of which the Office has knowledge. Any such prosecution may be premised on any information provided by or on behalf of CA to the Office, the FBI, the SEC or any of the Designated Agencies at any time. Moreover, CA agrees that any such prosecution relating to the allegations in the Information that are not time-barred as of the date of this Agreement may be commenced against CA in accordance with this Agreement, notwithstanding the expiration of any applicable statute of limitations between the signing of this Agreement and the expiration of this Agreement under paragraph 24. By this Agreement, CA expressly intends to and does waive any rights in this respect. Such waiver is knowing, voluntary and in express reliance on the advice of CA's counsel.

26. It is further agreed that in the event that the Office determines that CA has knowingly, intentionally and materially violated any provision of this

Agreement: (a) all statements made by or on behalf of CA to the Office, the FBI, the SEC or any of the Designated Agencies, including but not limited to the Stipulation of Facts, or any testimony given by CA before a grand jury, or elsewhere, whether before or after the date of this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Office against CA; and (b) CA shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule, that statements made by or on behalf of CA before or after the date of this Agreement, or any leads derived therefrom, should be suppressed.

27. CA agrees that it shall not, through its attorneys, Board of Directors, agents, officers or employees, make any public statement, in litigation or otherwise, contradicting its acceptance of responsibility or the allegations set forth in the Information or Stipulation of Facts. Any such contradictory statement by CA, its present or future attorneys, Board of Directors, agents, officers or employees shall constitute a breach of this Agreement and CA thereafter shall be subject to prosecution as specified in paragraphs 23 to 26. The decision as to whether any such contradictory statement will be imputed to CA for the purpose of determining whether CA has breached this Agreement shall be at the sole discretion of the Office. Upon the Office's notifying CA of any such contradictory statement, CA may avoid a finding of a breach of this Agreement by publicly repudiating such statement within 72 hours after receipt of notice by the Office. This Paragraph is not intended to apply to any statement made by any current or former CA officer, director or employee who has been charged with a crime or other wrongdoing by the government or an agency thereof.

28. CA agrees that the decision whether conduct and/or statements of any individual will be imputed to CA for the purpose of determining whether CA has knowingly, intentionally and materially violated any provision of this Agreement shall be in the sole discretion of the Office, provided, however, that the statements of any former officer, director or employee of CA shall not be attributed to CA such purpose. Should the Office determine that CA has committed a knowing, intentional and material breach

of any provision of this Agreement, the Office shall provide written notice to CA, addressed to its General Counsel, Kenneth V. Handal, Esq., One Computer Associates Plaza, Islandia, New York 11749, and to CA's counsel, Robert J. Giuffra, Jr., Esq., Sullivan & Cromwell LLP, 125 Broad Street, New York, New York 10004, or to any successor that CA may designate, of the alleged breach and provide CA with a two-week period from the date of receipt of such notice in which to make a presentation to the Office, or its designee, to demonstrate that no breach has occurred, or, to the extent applicable, that the breach was not knowing, intentional or material, or has been cured. Upon request by CA, the Office may agree in writing to extend this two-week period, including to provide CA with an opportunity to cure any breach of this Agreement. The parties to this Agreement expressly understand and agree that should CA fail to make a presentation to the Office, or its designee, within the two-week period (or other period agreed to by the Office), the Office may conclusively presume that CA is in knowing, intentional and material breach of this Agreement. The parties further understand and agree that the exercise of discretion by the Office or its designee under this paragraph is not subject to review in any court or tribunal outside the United States Department of Justice.

29. Except to the extent permitted by the Office, CA agrees that, if it sells or merges all or substantially all of its business operations as they exist as of the date of this Agreement to or into a single purchaser or group of affiliated purchasers during the term of this Agreement, CA shall include in any contract for sale or merger a provision binding the purchaser/successor to CA's obligations described in this Agreement.

30. It is understood that this Agreement is binding on CA and the United States Attorney's Office, but specifically does not bind any other Federal agencies, any state or local law enforcement agencies, any licensing authorities, or any regulatory authorities. However, if requested by CA or its attorneys, the Office will bring to the attention of any such agencies, including but not limited to any licensing authorities, the Agreement, the cooperation of CA and its compliance with its obligations

under this Agreement, and any corporate reforms specified in this Agreement. It is the intent of the parties to this Agreement that the Agreement does not confer or provide any benefits, privileges or rights to any individual or other entity other than the parties hereto, and that nothing in the Agreement shall be construed as acknowledging that the Agreement, including the Information or the Stipulation of Facts and the evidence underlying the Agreement, the Information or the Stipulation of Facts, shall be admissible in any proceeding other than a proceeding brought by the Office. Moreover, CA may raise defenses and/or assert affirmative claims in any civil proceedings brought by private parties as long as doing so does not otherwise violate any term of this Agreement.

31. CA and the Office agree that, upon filing of the Information in accordance with paragraph 1 hereof, this Agreement (including its attachments) shall be publicly filed in the United States District Court for the Eastern District of New York.

32. This Agreement sets forth all the terms of the Deferred Prosecution Agreement between CA and the Office. No modifications or additions to this Agreement

shall be valid unless they are in writing and signed by the Office, CA's attorneys, and a duly authorized representative of CA.

Dated: Brooklyn, New York
September 22, 2004

ROSLYNN R. MAUSKOPF
United States Attorney
Eastern District of New York

By: _____
David B. Pitofsky
Principal Deputy Chief, Criminal Division

Eric O. Corngold
Chief, Business & Securities Fraud Unit

AGREED AND CONSENTED TO BY:

Lewis S. Ranieri
Chairman of the Board
Computer Associates International, Inc.
Defendant

Robert J. Giuffra, Jr., Esq.
Sullivan & Cromwell LLP
Counsel to Defendant

SO ORDERED:

THE HONORABLE I. LEO GLASSER
UNITED STATES DISTRICT JUDGE
EASTERN DISTRICT OF NEW YORK